



Joint Legislative Audit Committee
Office of the Auditor General



**FINANCIAL AUDIT REPORT
DEPARTMENT OF CONSUMER AFFAIRS
YEAR ENDED JUNE 30, 1978**

REPORT TO THE
CALIFORNIA LEGISLATURE

REPORT OF THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

702

FINANCIAL AUDIT REPORT
DEPARTMENT OF CONSUMER AFFAIRS
YEAR ENDED JUNE 30, 1978

JANUARY 1980



California Legislature

Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

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Office of the Auditor General

February 6, 1980

702

The Honorable Speaker of the Assembly
The Honorable President pro Tempore of the Senate
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits the Auditor General's financial audit report of the Department of Consumer Affairs, year ended June 30, 1978.

The auditors are Curt Davis, Audit Manager; Michael C. Dendorfer, CPA; Romero Zamora; Patricia Nishi; Benjamin Wald; and Ann Reicherter.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Floyd Mori".

S. FLOYD MORI
Assemblyman, 15th District
Chairman, Joint Legislative
Audit Committee

Attachment

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INTRODUCTION

In response to a resolution of the Joint Legislative Audit Committee and in compliance with federal Office of Revenue Sharing regulations, we have conducted a financial audit of the Department of Consumer Affairs. This audit was conducted under the authority vested in the Auditor General by Section 10527 of the Government Code.

The Consumer Affairs Act of 1970 established the Department of Consumer Affairs to succeed the Department of Professional and Vocational Standards, which had been operating since 1929. The primary purpose of the Department of Consumer Affairs is to protect and represent California consumers.

The Department of Consumer Affairs is organized within the State and Consumer Services Agency and is comprised of 23 boards, five bureaus, and one commission. The Director of Consumer Affairs oversees the five bureaus and has administrative responsibility for the boards and commissions which have independent policy-making authority. Each board, bureau, and commission regulates a professional or occupational group. (Hereafter, the boards, bureaus, and commission are referred to collectively as boards.)

Because the department is designated as the consumer advocate in state government, by the Consumer Affairs Act, its responsibilities transcend the regulation and licensing of professional or occupational groups. The department manages these responsibilities and carries out the purposes of the act through four centralized divisions--Administration, Investigation, Consumer Services, and Building Maintenance and Operations.

The Department of Consumer Affairs' programs are supported primarily by fees received from the licensing and registration of professional and occupational groups, appropriations from the State's General Fund, and income from investment of surplus money.

AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature:

We have examined the general purpose financial statements of the various funds and account groups of the Department of Consumer Affairs for the year ended June 30, 1978 listed in the foregoing Table of Contents. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the general purpose financial statements listed in the aforementioned Table of Contents present fairly the financial position of the various funds and account groups of the Department of Consumer Affairs at June 30, 1978 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The accompanying supplemental information and the columns on the accompanying financial statements captioned "Total Memorandum Only" for June 30, 1978 are not necessary for a fair presentation of the financial statements, but are presented as additional analytical data. The supplemental information has been subjected to the tests and other auditing procedures applied in the examination of the general purpose financial statements listed in the foregoing Table of Contents and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The columns on the accompanying financial statements for the year ended June 30, 1977, which are presented for comparative purposes only, were not audited by us and accordingly we do not express an opinion on them.

In connection with our examination, we also (1) made a study and evaluation of the Department of Consumer Affairs' system of internal accounting control and (2) performed tests of compliance with the Revenue Sharing and Antirecession Fiscal Assistance Acts and regulations as required by Sections II.C.3 and III.C.3 of the Audit Guide and Standards for Revenue Sharing and Antirecession Fiscal Assistance Fund Recipients issued by the Office of Revenue Sharing, U. S. Department of the Treasury. Based upon the above procedures, we noted no instance of noncompliance with the regulations.



WESLEY E. NOSS
Assistant Auditor General

Date: April 13, 1979

Staff: Curt Davis, CPA
Michael C. Dendorfer, CPA
Romero Zamora
Patricia Nishi
Benjamin Wald
Ann Reicherter

DEPARTMENT OF CONSUMER AFFAIRS

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS**

JUNE 30, 1978
(With Unaudited Amounts for 1977)

ASSETS	Governmental Fund Types		Proprietary Fund Type		Fiduciary Fund Type		Account Group		Totals	
	General Revenue		Internal Service		Agency		General		(Memorandum Only)	
	\$ 5,319	\$ 1,915,466	\$ 159,915	\$ 181,112	\$ --	\$ --	\$ 2,261,812	\$ 3,944,761	June 30, 1978	June 30, 1977
Cash	--	--	--	17,550,138	--	--	17,550,138	17,956,795		
Securities and Other Properties Held in Trust	--	34,302,250	333,000	--	--	--	34,635,250	25,481,250		
Deposits in Surplus Money Investment Fund Receivables	50 (50)	1,190 (239,072)	527,435 (11,035)	--	--	--	1,597,675 (250,157)	1,434,265 (189,440)		
Allowance for Deferred Receivables Due from Surplus Money Investment Fund	--	1,085,718	33,468	--	--	--	1,119,186	657,609		
Due from Other Funds	21,025	524,287	842,293	--	--	--	1,387,605	2,353,928		
Expenses Advances to Employees Advances to the Architecture Revolving Fund	2,617	69,079	32,090	--	--	--	103,786	39,206		
Equipment Improvements Land	--	--	1,216,512	--	--	--	1,216,512	934,585		
	--	--	598,572	--	--	--	1,146,277	1,777,138		
	--	--	2,427,034	--	--	--	2,427,034	2,381,035		
	--	--	288,467	--	--	--	288,467	312,937		
Total Assets	\$ 28,961	\$ 38,682,918	\$ 6,447,751	\$ 17,731,250	\$ 1,547,705	\$ 1,547,705	\$ 64,438,585	\$ 57,084,069		

LIABILITIES, ENCUMBRANCES OUTSTANDING, AND FUND EQUITY

Liabilities:				
Accounts Payable				
Due to Other Funds	\$ 41,348	\$ 2,136,676	\$ 838,613	\$ 3,016,637
Revenue Collected in Advance	1,294	1,420,292	689,382	2,337,155
Reimbursements Received in Advance	--	1,018,646	--	1,018,646
Due to Depositors and Others	--	--	11,459	11,459
Uncleared Collections	--	13,710	--	17,731,250
Total Liabilities	<u>10</u>	<u>4,589,324</u>	<u>1,544,412</u>	<u>31,262,274</u>
Encumbrances Outstanding				
Fund Equity:				
Investment in General Fixed Assets	--	--	3,314,073	1,547,705
Retained Earnings:				
Unreserved	--	--	372,754	--
Reserved for Construction	--	--	1,216,512	--
Fund Balance:				
Undesignated	--	33,601,170	--	--
Operating Clearing	(20,245)	--	--	--
Total Fund Equity	<u>(20,245)</u>	<u>33,601,170</u>	<u>4,903,339</u>	<u>1,547,705</u>
Total Liabilities, Encumbrances Outstanding, and Fund Equity	\$ 28,961	\$38,682,918	\$6,447,751	\$17,731,250
				\$64,438,585
				\$57,084,069

The notes to the financial statements are an integral part of this statement.

DEPARTMENT OF CONSUMER AFFAIRS

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE AND OPERATING CLEARING
GOVERNMENTAL FUND TYPES

FOR THE FISCAL YEAR ENDED JUNE 30, 1978
(With Unaudited Amounts for 1977)

	<u>General</u>	<u>Special Revenue</u>	<u>Total (Memorandum Only)</u>	
			<u>June 30, 1978</u>	<u>June 30, 1977</u>
Revenues:				
Fees, Licenses, and Permits	\$ 316,945	\$46,446,469	\$46,763,414	\$25,433,459
Income from Surplus Money				
Investment Fund	--	1,924,791	1,924,791	1,368,291
Miscellaneous Revenues	<u>2,209</u>	<u>195,278</u>	<u>197,487</u>	<u>153,925</u>
Total Revenues	319,154	48,566,538	48,885,692	26,955,675
Other Financing Sources:				
Support Appropriations	376,844	--	376,844	354,677
Reimbursements	--	3,231,346	3,231,346	2,602,684
Prior Year Adjustments	--	<u>305,902</u>	<u>305,902</u>	<u>2,275</u>
Total Sources	<u>695,998</u>	<u>52,103,786</u>	<u>52,799,784</u>	<u>29,915,311</u>
Expenditures:				
Current:				
Personal Services	240,802	17,260,320	17,501,122	14,799,723
Operating Expenses and Equipment	147,653	19,684,795	19,832,448	17,846,689
Board of Control Claims	--	231	231	999
Prior Year Adjustments	<u>2,966</u>	<u>1,149,658</u>	<u>1,152,624</u>	<u>(566,962)</u>
Total Expenditures	<u>391,421</u>	<u>38,095,004</u>	<u>38,486,425</u>	<u>32,080,449</u>
Excess of Sources over (under) Expenditures	<u>304,577</u>	<u>14,008,782</u>	<u>14,313,359</u>	<u>(2,165,138)</u>
Other Financing Uses:				
Transfer of Accountability to the State Controller	(318,894)	--	(318,894)	(376,784)
Excess of Sources over (under) Expenditures and Other Uses	(14,317)	14,008,782	13,994,465	(2,541,922)
Fund Balance - July 1	--	19,592,388	19,592,388	22,106,447
Operating Clearing - July 1	(5,928)	--	(5,928)	21,935
Fund Balance - June 30	\$ --	\$33,601,170	\$33,601,170	\$19,592,388
Operating Clearing - June 30	<u>\$ (20,245)</u>	<u>\$ --</u>	<u>\$ (20,245)</u>	<u>\$ (5,928)</u>

The notes to the financial statements are an integral part of this statement.

DEPARTMENT OF CONSUMER AFFAIRS
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE AND OPERATING CLEARING - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1978

	General Fund			Special Revenue Funds			Totals (Memorandum Only)		
	Budget As Adjusted	Actual	Variance	Budget As Adjusted	Actual	Variance	Budget As Adjusted	Actual	Variance
Revenues:									
Fee, Licenses, and Permits	\$ 444,810	\$ 316,945	\$ (127,865)	\$40,897,893	\$46,446,469	\$ 5,553,576	\$41,337,703	\$46,763,414	\$ 5,425,711
Income from Surplus Money	—	—	—	1,539,458	1,924,791	385,333	1,539,458	1,924,791	385,333
Investment Fund	220	2,209	1,989	—	195,278	195,278	—	197,487	197,267
Miscellaneous Revenues									
Total Revenues	445,030	319,154	(125,876)	42,432,351	48,566,538	6,134,187	42,877,381	48,885,632	6,008,311
Other Financing Sources:									
Support Appropriations	447,186	376,844	(70,342)	—	4,212,140	—	—	447,186	(70,342)
Reimbursements	—	—	—	—	—	—	—	—	—
Prior Year Adjustments	—	—	—	—	—	—	—	—	—
Total Sources	892,216	695,998	(196,218)	46,644,491	52,103,786	5,459,295	47,536,707	52,799,784	5,263,077
Expenditures:									
Current:									
Personal Services	308,977	240,802	68,175	18,593,118	17,260,320	1,332,798	18,902,095	17,501,122	1,400,973
Operating Expenses and Equipment	167,446	147,653	19,793	20,479,406	19,664,795	794,611	20,646,852	19,832,448	814,404
Board of Control Claims	—	—	—	—	—	(231)	—	—	(231)
Prior Year Adjustments	—	—	—	—	—	—	—	—	—
Total Expenditures	476,423	391,421	85,002	39,072,524	38,095,004	977,520	39,548,947	1,152,624	(1,152,624)
Excess of Sources over (under) Expenditures									
Other Financing Uses:									
Transfer of Accountability to the State Controller									
(318,894)									
Excess of Sources over (under) Expenditures and Other Uses									
(14,317)									
14,008,782									
Fund Balance - July 1									
Operating Clearing - July 1									
(5,928)									
19,592,388									
—									
Fund Balance - June 30									
Operating Clearing - June 30									
\$ 33,601,170									
\$ (20,245)									
\$ 13,356,925									
Total	(\$ 318,894)								

The notes to the financial statements are an integral part of this statement.

DEPARTMENT OF CONSUMER AFFAIRS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
 PROPRIETARY FUND TYPE
 INTERNAL SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1978
 (With Unaudited Amounts for 1977)

	<u>June 30, 1978</u>	<u>June 30, 1977</u>
Operating Revenues:		
Income from Surplus Money		
Investment Fund	\$ 89,878	\$ 51,104
Assessments	4,957,745	5,192,546
Rent	1,291,716	1,214,534
Miscellaneous Income	<u>3,721</u>	<u>25,660</u>
Total Operating Revenues	6,343,060	6,483,844
Non-Operating Revenues:		
Transfers from General Fund	1,018,752	897,784
Reimbursements	<u>2,357,122</u>	<u>1,566,833</u>
Total Operating Sources	<u>9,718,934</u>	<u>8,948,461</u>
Operating Expenses:		
Personal Services	5,287,886	4,920,143
Operating Expenses and Equipment	4,051,550	4,009,518
Prior Year Adjustments	<u>466,037</u>	<u>376,177</u>
Total Operating Expenses	<u>9,805,473</u>	<u>9,305,838</u>
Net Loss	(86,539)	(357,377)
Retained Earnings - July 1	<u>459,293</u>	<u>816,670</u>
Retained Earnings - June 30	<u>\$ 372,754</u>	<u>\$ 459,293</u>

The notes to the financial statements are an integral part of this statement.

DEPARTMENT OF CONSUMER AFFAIRS
 STATEMENT OF CHANGES IN FINANCIAL POSITION -
 PROPRIETARY FUND TYPE
 INTERNAL SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1978
 (With Unaudited Amounts for 1977)

	<u>June 30, 1978</u>	<u>June 30, 1977</u>
Uses of Working Capital:		
Operations:		
Net loss	\$ <u>(86,539)</u>	\$ <u>(357,377)</u>
Net Decrease in Working Capital	\$ <u>(86,539)</u>	\$ <u>(357,377)</u>
Elements of Net Increase (Decrease) in Working Capital:		
Cash	\$ 26,517	\$ 86,798
Deposits in Surplus Money		
Investment Fund	129,000	(1,248,000)
Receivables (Net of Allowance)	(53,427)	481,844
Due from Surplus Money Investment Fund	12,594	(46,345)
Due from Other Funds	(927,008)	1,086,962
Expense Advances to Employees	20,256	1,623
Accounts Payable	176,758	(271,015)
Due to Other Funds	473,351	(378,213)
Reimbursements Received in Advance	58,541	(70,000)
Uncleared Collections	(3,121)	(1,031)
Net (Decrease) in Working Capital	\$ <u>(86,539)</u>	\$ <u>(357,377)</u>

The notes to the financial statements are an integral part of this statement.

DEPARTMENT OF CONSUMER AFFAIRS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 SPECIAL DEPOSIT
 FOR THE FISCAL YEAR ENDED JUNE 30, 1978

	<u>Balance July 1, 1977</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 1978</u>
<u>ASSETS</u>				
Cash	\$ 149,430	\$ 31,682	\$ --	\$ 181,112
Securities and Other Properties Held in Trust	<u>17,956,795</u>	<u>2,133,147</u>	<u>2,539,804</u>	<u>17,550,138</u>
Total Assets	<u>\$18,106,225</u>	<u>\$2,164,829</u>	<u>\$2,539,804</u>	<u>\$17,731,250</u>
<u>LIABILITIES</u>				
Due to Depositors and Others	<u>\$18,106,225</u>	<u>\$2,164,829</u>	<u>\$2,539,804</u>	<u>\$17,731,250</u>

The notes to the financial statement are an integral part of this statement.

DEPARTMENT OF CONSUMER AFFAIRS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1978

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements reflect the financial position and results of operations of the Department of Consumer Affairs. The statements have been prepared in conformity with generally accepted accounting principles applicable to state and local governments as prescribed by the American Institute of Certified Public Accountants and by the National Council on Governmental Accounting.

The accompanying financial statements are structured into Governmental Fund Types, a Proprietary Fund Type, a Fiduciary Fund Type, and an Account Group. The Department of Consumer Affairs accounts for only its portion of the three fund type categories. The State Controller maintains the central accounts for all state funds and annually publishes consolidated fund statements.

GOVERNMENTAL FUND TYPES

Governmental Fund Types are those through which most governmental functions are financed. The acquisition, use, and balances of the government's expendable financial resources and the related current liabilities--except those accounted for in Proprietary Funds--are accounted for through governmental funds. The General Fund and Special Revenue Funds are the Governmental Fund Types in the Department of Consumer Affairs.

General Fund

This fund includes all financial resources not accounted for in another fund. There are two General Fund agencies in the department.

Special Revenue Funds

These funds are used to account for specific revenues and operating expenditures earmarked for the registration and regulation of professional or occupational groups. There are 39 special revenue funds in the department.

The Governmental Fund Types are maintained on the modified accrual basis of accounting. Some of the more significant elements include:

Income

Throughout the fiscal year all income, except certain reimbursements which are recorded when billed, is accounted for on a cash basis. At June 30, the accounts are adjusted to accrue all earned but uncollected income.

Expenditures

Expenditures are accounted for at the time claims for payment are filed with the State Controller. At June 30, all valid expenditure commitments are accrued as expenditures against budget appropriations including encumbrances outstanding for which no goods or services have been received.

Liabilities

Retirement Plan - Regular employees are members of the Public Employees' Retirement System (PERS), which is a defined benefit, contributory retirement plan. The amount the department and employees contribute to PERS is actuarially determined under a program in which contributions plus retirement system earnings provide the necessary funds to pay retirement costs as accrued. Retirement contributions for the year totalled \$2,523,884.

Vacation and Sick Leave - Costs of vacation and sick leave are charged when benefits are used rather than when they are earned.

PROPRIETARY FUND TYPE

The Proprietary Fund Types are used to account for measurements of net income and capital maintenance within a government's organizations and activities. These fund types resemble those often found in the private sector.

Included in this category are Internal Service Funds. The Internal Service Fund for the department is the Consumer Affairs Fund.

Consumer Affairs Fund

This fund is used to account for the financing of central operations and board expenditures (excluding payrolls) on a cost reimbursement basis.

The Proprietary Fund Type is maintained on the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses, except for depreciation are recognized in the period incurred. The department does not record depreciation on fixed assets, rather they record the expenses for fixed assets at the time of acquisition.

FIDUCIARY FUND TYPE

Fiduciary Fund Types are used to account for assets held by a governmental unit in a trustee capacity. Included in this category are Agency Funds. The Agency Fund for the Department of Consumer Affairs is used to account for monies, bonds, and certificates of deposit held by the State Treasurer for various licensees who are required to make deposits in accordance with various laws and regulations.

ACCOUNT GROUP

The Account Group is used to account for general fixed assets. Assets purchased are recorded as expenditures in the appropriate fund in the year of acquisition or encumbrance. General fixed assets increased by a net of \$672,595 during the fiscal year.

2. BUDGETED REVENUES AND EXPENDITURES

The amounts shown under "Budget as Adjusted" for revenues and detailed expenditure accounts reflect the Governor's Budget after allowing for adjustments by the budget act, interim statutory changes affecting appropriations, and authorized executive budget revisions issued during the year.

3. DEPOSITS IN SURPLUS
MONEY INVESTMENT FUND

This account shows the amount of the agency's money in the Surplus Money Investment Fund. The Surplus Money Investment Fund is used to account for the monies that have been transferred for investment purposes. All earnings derived from investments of the fund are apportioned to the contributing funds. Interest due from the Surplus Money Investment Fund is accrued at June 30.

4. ALLOWANCE FOR
DEFERRED RECEIVABLES

This account reflects the amount of receivables that are not expected to be collected within the next fiscal year. Students enrolled in a medical loan program owe \$233,731 of the \$250,157 account balance to the Board of Medical Quality Assurance as of June 30, 1978. Under this loan program, the board is authorized to grant loans to California residents enrolled in medical education programs. Since 1971, the board has granted 150 loans totalling \$284,400. Only a portion of these loans has been repaid. The board, however, has recently developed a program to facilitate loan collections.

5. DUE FROM OTHER FUNDS/
DUE TO OTHER FUNDS

The amounts in these two accounts are primarily (1) owed to the Consumer Affairs Fund by the various other departmental funds, or (2) owed by the Consumer Affairs Fund to the various other departmental funds. In the first instance, a board owes money to the Consumer Affairs Fund when its share of costs for central operations and board expenditures has exceeded its advance payment. By contrast, the Consumer Affairs Fund owes money to departmental funds when a board's advance payment exceeds its share of costs for central operations and board expenditures.

6. DUE TO DEPOSITORS AND OTHERS

This account represents the amount of monies, bonds, and certificates of deposit the State Treasurer holds for various licensees who are legally required to make deposits. Of the \$17,725,572 due at June 30, 1978, \$16,614,054 is due to depositors licensed by the Contractors' State License Board.

7. PRIOR YEAR ADJUSTMENTS

These accounts show the difference between the net amount of revenue, expenditures, abatements, and reimbursements accrued as of the previous June 30, and the actual amount of revenue, expenditures, abatements, and reimbursements obtained during the current fiscal year.

8. ASSESSMENTS

The costs of administrative services are paid from the Consumer Affairs Fund. These costs are reimbursed to the fund by a pro rata charge to the boards' special funds based upon a ratio of each board's total expenditures to all boards' total expenditures.

9. OPERATING CLEARING

The account balance at June 30 represents a clearing account between the General Fund and the State Controller.

SUPPLEMENTAL INFORMATION

SUPPLEMENTAL INFORMATION

COMBINING FINANCIAL STATEMENTS

COMBINING BALANCE SHEET--ALL GENERAL FUND
AGENCIES

COMBINING BALANCE SHEET--ALL SPECIAL
REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN OPERATING CLEARING--ALL GENERAL
FUND AGENCIES

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE--ALL SPECIAL
REVENUE FUNDS

DEPARTMENT OF CONSUMER AFFAIRS

COMBINING BALANCE SHEET
ALL GENERAL FUND AGENCIESJUNE 30, 1978
(With Unaudited Totals for 1977)

<u>ASSETS</u>	<u>Board of Guide Dogs for the Blind</u>	<u>Athletic Commission</u>	<u>Totals</u>	
			<u>June 30, 1978</u>	<u>June 30, 1977</u>
Cash	\$ --	\$ 5,319	\$ 5,319	\$ 5,028
Receivables	--	50	50	11
Allowance for Deferred Receivables	--	(50)	(50)	--
Due from Other Funds	--	21,025	21,025	151
Expense Advances to Employees	<u>80</u>	<u>2,537</u>	<u>2,617</u>	<u>--</u>
Total Assets	<u>\$ 80</u>	<u>\$ 28,881</u>	<u>\$ 28,961</u>	<u>\$ 5,190</u>
 <u>LIABILITIES, ENCUMBRANCES OUTSTANDING, AND OPERATING CLEARING</u>				
Liabilities:				
Accounts Payable	\$ 1,404	\$ 39,944	\$ 41,348	\$ 6,708
Due to Other Funds	193	1,101	1,294	3,345
Uncleared Collections	--	10	10	--
Total Liabilities	<u>1,597</u>	<u>41,055</u>	<u>42,652</u>	<u>10,053</u>
Encumbrances Outstanding	<u>6,070</u>	<u>484</u>	<u>6,554</u>	<u>1,065</u>
Operating Clearing	<u>(7,587)</u>	<u>(12,658)</u>	<u>(20,245)</u>	<u>(5,928)</u>
Total Liabilities, Encumbrances Outstanding, and Operating Clearing	<u>\$ 80</u>	<u>\$ 28,881</u>	<u>\$ 28,961</u>	<u>\$ 5,190</u>

DEPARTMENT OF CONSUMER AFFAIRS
COMPARING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
JUNE 30, 1978
(With Unaudited Results for 1977)

June 30, 1977		June 30, 1978			
TOTAL ASSETS		TOTAL ASSETS		TOTAL ASSETS	
ASSETS		ASSETS		ASSETS	
Cash	\$ 3,656,905	\$ 1,915,466	\$ 77,401	\$ 75,698	\$ 67,916
Deposits in Savings Money	75,217,250	74,302,250	2,057,000	1,047,000	1,025,100
Investment Funds	656,400	1,025,100	14,196	12,170	13,700
Pecuniaries					
Allowances for Deferred	(181,501)	(229,027)			
Receivables	1,095,718	1,095,718	104,908	46,259	48,957
Non-Reserve Funds	580,176	524,287	40,079	10,960	10,960
Due from Other Funds	27,137	43,079	4,000	1,772	1,772
Expense Advances to Employees					
TOTAL ASSETS	\$10,857,726	\$8,682,918	\$1,071,000	\$696,732	\$650,658
LIABILITIES, ENCUMBRANCES OUTSTANDING, AND FUND BALANCE					
Liabilities:					
Accrouts's Payable	\$ 1,726,277	\$ 1,136,676	\$ 148,107	\$ 75,264	\$ 477,602
Due to Other Funds	1,171,077	1,420,292	156,708	1,375	2,464
Revenue Collected in Advance	8,181,863	8,118,646	13,710	15	15
Unearned Collections	29,077	13,710			63
TOTAL LIABILITIES	10,108,230	10,083,274	304,010	76,300	78,702
Encumbrances Outstanding	357,094	402,424	2,660	4,217	7,672
Fund Balance:					
Unreserved	19,592,392	32,601,170	2,019,146	1,112,102	1,065,297
TOTAL FUND BALANCE	19,592,392	32,601,170	2,019,146	1,112,102	1,065,297
TOTAL LIABILITIES, ENCUMBRANCES OUTSTANDING, AND FUND BALANCE	\$10,857,726	\$8,682,918	\$1,071,000	\$696,732	\$650,658

(continued)

DEPARTMENT OF COMMERCE AFFAIRS
 COMBINING BALANCE SHEET
 ALL SPECIAL REVENUE FUNDS
 (CONTINUED)
 JUNE 30, 1970

(With Unaudited Totals for 1977)

	<u>Board of Examiners in Veterinary Medicine</u>	<u>Health Technician Examining Committee</u>	<u>Bureau of Home Furnishings</u>	<u>Bureau of Private Investigators and Adjusters</u>	<u>Board of Dental Examiners</u>	<u>Board of Harbor and Marine Examiners</u>	<u>Board of Notary Public Examiners</u>	<u>Board of Optometry Examiners</u>	<u>Board of Pilots, Seamens, and Firemen Examiners</u>	<u>Board of Structural Pest Control Board</u>	<u>Board of Shorthand Reporters, Court Reporters, and Board</u>	<u>Pilot Commission</u>
ASSETS												
Board of Funeral Directors and Embalmers	\$ 9,215	Board of Landscape Architects	\$ 11,188	\$16,128	\$32,039	\$ 25,907	\$ 96,682	\$292,056	\$ 21,114	\$ 25,435	\$ 6,413	\$ 140,662
Cash Deposits in Surplus Money	367,000	Board of Veterinary Medicine	74,000	23,000	5,000	208,000	257,000	561,000	493,000	104,000	1,031,000	103,000
Investment Fund Receivables	1,018	995	1,104	--	927	41,875	85	--	2,919	1,102	1,028	2,003
All Income for Deferred Receivables	--	--	--	--	--	--	(95)	--	--	--	--	--
Due from Surplus Money	13,255	2,136	11,367	577	1,597	18,256	5,595	7,608	21,837	17,115	15,324	31,228
Investment Fund Due from Other Funds	--	--	--	1,633	--	8,094	3,025	1,312	12,762	12,607	3,404	3,457
Expense Advances to Employees	337	45	750	--	--	325	--	--	2,691	13,450	640	2,339
TOTAL ASSETS	\$392,507	\$86,381	\$294,409	\$60,338	\$39,565	\$92,417	\$361,059	\$966,045	\$595,097	\$517,849	\$118,956	\$1,261,036
LIABILITIES, ENCUMBRANCES OUTSTANDING, AND FUND BALANCE												
Liabilities:												
Accounts Payable Due to Other Funds	\$ 6,961	\$ 1,780	\$ 14,450	\$ 4,135	\$ 1,909	\$ 23,276	\$ 39,378	\$124,147	\$ 17,849	\$ 15,896	\$ 5,243	\$ 41,483
Revenue Collected in Advance	7,050	2,925	19,049	16,120	7,704	20,165	252,590	60,616	2,742	1,204	1,141	310
Uncleared Collections	--	--	--	--	30	320	6	255	--	150	--	--
TOTAL LIABILITIES	14,016	4,705	33,508	20,885	40,096	43,626	292,213	591,039	20,131	17,190	9,043	5,553
Encumbrances Outstanding												
Fund Balance:												
Unreserved	313,217	81,596	260,105	19,453	11,212	206,466	64,352	269,861	573,105	522,340	523,304	115,133
TOTAL FUND BALANCE	373,217	81,596	260,105	19,453	11,212	206,466	64,352	269,861	573,105	522,340	523,304	115,133
TOTAL LIABILITIES, ENCUMBRANCES OUTSTANDING, AND FUND BALANCE	\$392,507	\$86,381	\$294,409	\$60,338	\$39,565	\$92,417	\$361,059	\$966,045	\$595,097	\$517,849	\$118,956	\$1,261,036

(continued)

DEPARTMENT OF CONSUMER AFFAIRS
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
(CONTINUED)
JUNE 30, 1978
(With Unaudited Totals for 1977)

ASSETS	Board of Bureau of Collection and Investigative Services (Collection Agency)	Board of Vocational Nurse and Psychiatric Technician Examiners (Vocational Nurses)	Board of Vocational Nurse and Psychiatric Technician Examiners (Psychiatric Technicians)	Bureau of Repair Services	Bureau of Employment Agencies	Board of Registrations for Geologists and Geophysicists	Bureau of Nurses Registry	Board of Examiners of Nursing Home Administrators	Hearing Aid Dispensers Examining Committee	Bureau of Automotive Repair	Bureau of Pathology and Auditing Examining Committee
Cash	\$ 13,015	\$ 77,723	\$ 4,261	\$ 72,516	\$ 610,000	\$ 22,022	\$ 25,110	\$ 5,740	\$ 5,028	\$ 213,208	\$ 10,323
Deposits in Surplus Money	24,000	138,000	123,000	212,000	30,000	505,000	430	552	21,000	274,000	800,000
Investment Fund	1,957	4,521	732	732	—	—	—	—	740	580,000	7,056
Accounts Receivable	—	—	110	—	—	—	—	—	—	—	—
Allowance for Deferred Accounts Receivable	—	—	—	—	—	—	—	—	—	—	—
Due from Surplus Money	—	—	—	—	—	—	—	—	—	—	—
Investment Fund	330	5,364	5,334	18,608	12,158	15,344	974	2,877	1,539	9,544	64,350
Due from Other Funds	—	—	—	20,015	15,160	6,217	—	6,218	1,711	4,611	53,666
Expense Advances to Employees	1,363	230	225	—	1,005	—	—	—	—	5,716	675
TOTAL ASSETS	\$105,565	\$185,898	\$133,507	\$273,260	\$269,110	\$557,075	\$271,266	\$210,622	\$24,326	\$293,773	\$105,730
LIABILITIES, ENCUMBRANCES OUTSTANDING, AND FUND BALANCE											
Liabilities:											
Accounts Payable		\$ 42,588	\$ 6,247	\$ 19,160	\$ 1,070	\$ 3,893	\$ 603	\$ 11,442	\$ 4,075	\$ 387,168	\$ 8,667
Due to Other Funds		133,192	25,070	1,995	1,197	111,463	208	807	978	81,007	11,500
Revenue Collected in Advance		—	—	—	—	—	—	—	—	—	—
Uncollected Collections		134	68	—	—	—	—	—	60	—	2,688
TOTAL LIABILITIES	281,602	176,288	71,312	356,215	306	115,501	911	10,620	4,195	470,803	201,276
Encumbrances outstanding											
Fund Balance:		1,849	3,048	—	8,085	—	801	—	102	5,013	1,800
Unreserved		—	—	—	—	—	—	—	—	—	—
TOTAL FUND BALANCE	9,874	6,112	102,230	350,008	507,168	133,227	35,424	23,500	280,600	3,018,000	677,550
TOTAL LIABILITIES, ENCUMBRANCES OUTSTANDING, AND FUND BALANCE	\$105,565	\$105,565	\$105,565	\$105,565	\$105,565	\$105,565	\$105,565	\$105,565	\$105,565	\$105,565	\$105,565

DEPARTMENT OF CONSUMER AFFAIRS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN OPERATING CLEARING
 ALL GENERAL FUND AGENCIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 1978
 (With Unaudited Amounts for 1977)

	<u>Athletic Commission</u>	<u>State Board of Guide Dogs for the Blind</u>	<u>June 30, 1978</u>	<u>Totals</u>
			<u>June 30, 1978</u>	<u>June 30, 1977</u>
Revenues:				
Fees, Licenses, and Permits	\$ 316,785	\$ 160	\$ 316,945	\$ 336,928
Miscellaneous Revenues	<u>2,209</u>	<u>--</u>	<u>2,209</u>	<u>4,088</u>
Total Revenues	318,994	160	319,154	341,016
Other Financing Sources:				
Support Appropriation	366,881	9,963	376,844	354,677
Prior Year Adjustments	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,792</u>
Total Sources	<u>685,875</u>	<u>10,123</u>	<u>695,998</u>	<u>699,485</u>
Expenditures:				
Personal Services	237,279	3,523	240,802	244,531
Operating Expenses and Equipment	136,424	11,229	147,653	106,033
Prior Year Adjustments	<u>1,842</u>	<u>1,124</u>	<u>2,966</u>	<u>--</u>
Total Expenditures	<u>375,545</u>	<u>15,876</u>	<u>391,421</u>	<u>350,564</u>
Excess of Sources over (under) Expenditures	<u>310,330</u>	<u>(5,753)</u>	<u>304,577</u>	<u>348,921</u>
Other Financing Uses:				
Transfer of Accountability to the State Controller	<u>(318,733)</u>	<u>(161)</u>	<u>(318,894)</u>	<u>(376,784)</u>
Excess of Sources over (under) Expenditures and Other Uses	(8,403)	(5,914)	(14,317)	(27,863)
Operating Clearing - July 1	<u>(4,255)</u>	<u>(1,673)</u>	<u>(5,928)</u>	<u>21,935</u>
Operating Clearing - June 30	<u>\$ (12,658)</u>	<u>\$ (7,587)</u>	<u>\$ (20,245)</u>	<u>\$ (5,928)</u>

**DEPARTMENT OF CONSUMER AFFAIRS
COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1978**
(With Unaudited Totals for 1977)

June 30, 1978		June 30, 1977		Board of Registration for Professional Engineers		Board of Cosmetology		Board of Medical Quality Assurance		Physicians' Assistants		Acupuncture Advisory Committee		Contractors' State License Board		Board of Registered Construction Inspectors		Board of Registered Nurses		Board of Pharmacy		Board of Architectural Examiners	
Fees, Licenses, and Permits	\$25,096,531	Fees, Licenses, and Permits	\$25,496,469	\$11,905,392	\$68,3706	\$78,220	\$225,992	\$11,377,744	\$176,462	\$60,836	\$617,030	\$14,053,573	\$480	\$1,734,921	\$1,096,416	\$681,136	\$132,285						
Income From Surplus Money	1,368,291	Income From Surplus Money	1,924,791	182,501	91,516	47,775	19,714	291,000	3,175	5,362	32,267	587,494	3,124	17,194	48,860	35,520	21,023						
Investment Fund	169,837	Miscellaneous Income	195,278	3,517	1,221	199	44	9,290	11,12	200	11,618	58,912	--	--	11,683	18,728	396	23					
Total Revenues	26,614,659		48,566,538	2,092,000	776,943	126,194	245,710	11,678,034	129,649	66,398	655,915	14,699,979	1,604	1,763,798	1,164,034	717,052	353,331						
Other Financing Sources:																							
Reimbursements	2,602,684	3,231,346	305,902	30	711	11,952	--	219,079	--	--	60	--	--	747	91,125	--	--	43,096	56	15,524	10,562		
Prior Year Adjustments	2,275		52,103,786	2,092,030	771,654	1,389,156	295,740	11,897,113	129,709	66,398	655,662	14,791,792	3,604	1,851,805	1,207,269	732,576	363,949						
Total Sources	29,219,618																						
Expenditures:																							
Personal Services	14,555,192	17,260,320	795,221	501,213	136,801	65,951	2,911,916	27,982	20,771	297,609	4,553,352	--	--	695,405	595,450	119,040	166,941						
Operating Supplies and Equipment	17,740,656	19,604,735	572,786	853,161	304,933	82,901	4,051,569	19,823	53,144	702,763	2,609,061	--	--	1,120,571	550,469	109,051	115,107						
Board of Control Claims	999		231																--	--	--	--	
Prior Year Adjustments	(563,170)	1,149,658		7,275	3,116	9,327	37,895	2,674	17,881	--	--	--	2,517	--	--	15,414	--	--	--	--	--		
Total Expenditures	31,733,677	38,095,000	1,375,490	461,734	1,357,492	157,479	6,901,400	50,479	91,796	1,000,502	1,242,413	2,517	1,815,424	1,161,733	317,091	281,948							
Excess of Sources Over (Under) Expenditures	14,008,782	716,746	(579,436)	(303,578)	88,261	4,995,713	79,230	(25,398)	(313,800)	7,509,379	1,007	36,181	45,536	415,495	87,001								
Final Balances--July 1	22,106,447	19,592,388	2,202,398	1,692,028	809,056	299,459	3,600,998	29,754	98,464	506,466	697,496	20,324	128,386	734,598	147,460	291,216							
Final Balances--June 30	\$19,592,388		\$33,601,170	\$2,919,166	\$56,288	\$36,120	\$8,506,711	\$108,994	\$69,066	\$162,626	\$8,246,875	\$21,411	\$364,167	\$780,134	\$562,895	\$33,217							

(Continued)

DEPARTMENT OF CONSUMER AFFAIRS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
(CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 1977
(With Unaudited Totals for 1977)

		Bureau of Collection and Investigation Services (Private Investigators and Adjustors)		Board of Dental Examiners		Board of Barber Examiners		Board of Veterinary Examiners		Board of Behavioral Science Examiners		Certified Shortwave Reporters' Board		Structural Pest Control Board		Pilot Commission		Bureau of Collection and Investigative Services (Collection Agency)	
Board of Landscape Architects	Board of Examiners in Veterinary Medicine	Animal Health Technician Examining Committee	Cemetery Board	Bureau of Home Furnishings															
\$143,155	\$427,572	\$55,895	\$156,280	\$ 86,530	\$646,229	\$1,481,138	\$699,008	\$391,640	\$410,266	\$ 43,360	\$1,560,448	\$ 36,057	\$272,744						
2,136	19,860	1,014	2,178	43,172	8,905	5,076	38,060	23,601	22,136	7,168	53,000	7,243	2,574						
--	5	--	59	27	1,948	2,206	320	81	189	116	22,346	294	474						
145,291	441,437	56,909	158,517	129,729	656,982	1,488,420	731,383	415,322	432,591	50,644	1,635,794	43,594	275,792						
Total Revenues																			
Other Financing Sources:																			
Reimbursements																			
Prior Year Adjustments																			
Total Sources																			
Expenditures:																			
Personal Services																			
Operating Expenses and Equipment																			
Board of Control Claims																			
Prior Year Adjustments																			
Total Expenditures																			
Excess of Sources Over (Under) Expenditures																			
Fund Balances--July 1																			
Fund Balances--June 30																			

(continued)

DEPARTMENT OF CONSUMER AFFAIRS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
(CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 1978
(With Unaudited Totals for 1977)

Board of Vocational Nurse and Psychiatric Technician Examiners (Psychiatric Technicians) (Vocational Nurses)	Bureau of Repair Services	Bureau of Employment Agencies	Registration for Geologists and Geophysicists	Nurses Registry	Board of Examiners of Nursing Home Administrators	Hearing Aid Dispensers Examining Committee	Speech Pathology and Audiology Examining Committee	Bureau of Automotive Repair
\$855,162 6,700 18 <u>722</u>	\$204,002 8,074 18 <u>660</u>	\$514,375 \$1,003 <u>622</u>	\$515,563 19,061 <u>5</u>	\$22,625 1,553 <u>111</u>	\$ 34,792 6,901 <u>159</u>	\$79,185 2,230 <u>2</u>	\$1,445,603 129,290 <u>46,513</u>	\$186,158 61,767 <u>57</u>
Revenues:								
Fees, Licenses, and Permits								
Income from Surplus Money								
Investment Fund								
Miscellaneous Income								
Total Revenues								
Other Financing Sources:								
Reimbursements Pr for Year Adjustments								
Total Sources								
Expenditures:								
Personal Services								
Operating Expenses								
and Equipment								
Board of Control Claims								
Pr for Year Adjustments								
Total Expenditures								
Excess of Sources								
Over (under) Expenditures								
Fund Balances--July 1								
Fund Balances--June 30								

OTHER INFORMATION

As an integral part of our examination, we reviewed the department's accounting procedures and related system of internal accounting control to the extent we considered necessary to properly form an opinion concerning the fairness with which the department's financial statements present financial position and results of operations in accordance with generally accepted accounting principles consistently applied.

Our review enabled us to suggest improvements which would result in better operating procedures and controls. A management letter describing the suggested operating improvements was issued to the department in conjunction with certain recommended adjusting entries necessary in order to achieve compliance with generally accepted accounting principles.

The department fully concurs with the suggested operating improvements and adjusting entries.

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
Secretary of State
State Controller
State Treasurer
Legislative Analyst
Director of Finance
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
California State Department Heads
Capitol Press Corps